

July 26, 2013

To: Executive Board

Subject: **2013 Legislative Summary**

Recommendation

Receive and file the July 2013 Legislative Summary. Reaffirm an oppose position on SB 556 and support positions on H.R. 2288 and S. 1116.

Analysis

A summary of state and federal legislation and its status is attached. Board members should note that staff recommends **support positions on H.R. 2288 (Grimm, NY & McGovern, MA) and S. 1116 (Schumer, NY) and reaffirming an oppose position on SB 556 (Corbett).**

Recommendations on Bills:

SB 556 would require public agencies, including public transit systems, to "label" employees and vehicles that are independent contractors or operated by independent contractors with a "NOT A GOVERNMENT EMPLOYEE" or "THE OPERATOR OF THIS VEHICLE IS NOT A GOVERNMENT EMPLOYEE" disclosure. Foothill Transit along with many transit systems throughout the state utilize independent, outside contractors to provide transit service, such as drivers/operators for buses and rail vehicles. This bill would place a financial burden both on transit systems and the independent contractors in order to meet the disclosure requirement. Furthermore, the bill would potentially have a detrimental impact to public perception, internally and externally. Transit systems aim to provide a sense of inclusiveness for employees and the "nongovernmental employee" disclosure may affect morale among employees by creating a sense of division.

Secondly, the disclosure requirement would likely cause confusion to the public. Transit patrons may mistakenly perceive that operators and vehicles with the "nongovernment employee" disclosure reflect lesser qualifications or impact public safety.

Members in both the U.S. House of Representatives and the Senate introduced legislation that would permanently codify the Commuter Tax Benefit at parity with the Parking Tax Benefit. Current law allows both pre-tax and tax-free fringe transit and parking benefits at a maximum of \$245 per month. However, if new legislation is not passed by December 31, 2013, the commuter benefit will plunge to \$125 per month, while the parking benefit remains unchanged. This creates a tremendous distinction between tax benefits provided to drivers and workers who commute using public transportation.

Representative Michael Grimm (R-NY) introduced in the House of Representatives H.R. 2288, The Commuter Parity Act of 2013. Representatives Earl Blumenauer (D-OR), Peter King (R-NY), and James McGovern (D-MA) all signed on as original co-sponsors of the bill. The bill establishes permanent parity between qualified, pre-tax and tax-free fringe transit and parking benefits at a maximum of \$220 per month. At the \$220 per month level, the federal fiscal impact is neutral, meaning no additional revenue measures are necessary. The bill also allows for future cost-of-living adjustments to the benefit level.

Senator Charles Schumer (D-NY) introduced S. 1116, which would establish parity between the commuter and parking benefits at the current level of \$245 per month. The bill does not include a provision to offset the cost, but Senator Schumer has been a steadfast advocate of maintaining the benefit at current levels.

State Legislative Issues:

The Legislature approved and Governor Brown signed the main budget bill, AB 110, which passed along party lines in both the Senate and Assembly. The approved budget (including several trailer bills voted on later) includes a \$96.3 billion spending plan for the state. The Governor and Legislature came to a deal on the most contentious points of the budget that included revenue expectations and redistribution of money for K-12 schools. The Legislature had previously urged about \$2 billion more in spending on state services than what the Governor proposed, based on higher revenues estimated by the Legislative Analyst's Office (LAO) as compared to the Governor's more conservative estimates. The final budget deal largely accepts the conservative revenue assumptions included in the Governor's May Revise; increases funding for schools; and provides some additional funding for social services and health programs prioritized by the Legislature.

The budget includes a \$500 million loan to the General Fund from revenues collected from Cap and Trade, the market-based program overseen by the California Air Resources Board (CARB) to reduce greenhouse gas emissions (GHG) in the state. The California Transit Association (CTA) has been working as part of the Transportation Coalition for Livable Communities to secure some of these revenues for transit and GHG-reducing transportation projects. The fact that the revenues have been loaned to the General Fund this fiscal year does not put a halt to the Coalition's work. The \$500 million loan of these revenues in this year's budget reflects the Legislature's and Administration's need for more time to establish a long-term framework for investing the revenues.

The new California State Transportation Agency (CalSTA) opened its doors for the first time, carrying out the Governor's government reorganization plan, which included replacing the Business, Transportation and Housing Agency (BTH) with a new state

agency focused solely on transportation. Brian Kelly was sworn in as the new Secretary of the CalSTA. The reorganization plan consolidates the Department of Transportation (Caltrans), the Department of Motor Vehicles, the California High-Speed Rail Authority, the California Highway Patrol, the California Transportation Commission (CTC), and the State Board of Pilot Commissioners into the new Transportation Agency.

Federal Legislative Issues:

On the federal front, former Charlotte Mayor Anthony Foxx was unanimously confirmed (100-0) by the Senate as the incoming Secretary of Transportation. Foxx's tenure as Mayor and city councilman was marked by an emphasis on public transit, so the American Public Transportation Association (APTA) called him an "exciting" pick who knows from experience as an urban mayor that public transportation means economic vitality. One of Foxx's marquee projects as mayor of the medium-sized but fast-growing southern city was to secure federal funding for an extension of the city's light rail system, and to break ground on a new streetcar system.

With no budget talks underway, the Senate and House continue on a divergent path with appropriations bills, including the transportation bills reported out by both the House and Senate committees. The Senate bill provides about \$3.3 billion more for transportation than does the House bill. At issue is how to treat sequestration. For the 12 appropriations bills, the House is following a \$967 billion spending level which assumes that the budget sequester will remain in effect, but the Senate is proceeding with a \$1.058 trillion level which assumes that the sequester will be fixed. In the transportation bills reported by both the House and Senate full committees, the two chambers were close in total highway funding, but the Senate version adds a new \$500 million initiative to repair aging bridges, and Amtrak and transit do better under the Senate version. Amtrak receives about \$450 million less under the House bill than its Senate counterpart. Both the House and Senate bills fund transit formula programs at the authorized level of \$8.6 billion, but the Senate version funds the Capital Investment Grants (New Starts) above the authorized level, appropriating about \$2 billion for FY 2014. The Senate version also includes \$550 million for the popular TIGER grant program, while the House version zeroes it out. To date, the House has adopted two of its appropriations bills and has reported another four from Committee, while the Senate has reported four bills but has not yet taken up any bills on the floor. Given the wide gap between the two chambers on funding bills, it is likely that a continuing resolution (CR) will again be necessary to keep the government operating after the beginning of the new fiscal year on October 1st. Historically, regular appropriations bills have been enacted at the start of the fiscal year only four times since 1977, most recently for fiscal year 1997.

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Financial Impact

We are unable to determine the exact cost of implementing SB 556 at this time, but know that it would have a significant impact to the Foothill Transit Budget. H.R. 2288 and S. 1116 would not impact the Budget.

Sincerely,



David Reyno
Director of Government Relations



Doran J. Barnes
Executive Director

2013 Legislation Summary

Current as of 7/10/2013

(Amendments and Bills with updated status or requesting action are indicated in **bold**)

Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 5	Ammiano	The bill would enact the Homeless Person's Bill of Rights and Fairness Act. The bill would establish a number of rights for every person in the state, including those who are considered homeless including the right to move freely in the same manner as any other person in public spaces, including, but not limited to, plazas, parking lots, public sidewalks, public parks, public transportation, public streets, and public buildings, in the same manner as any other person, and without discrimination by law enforcement, public or private security personnel and the right to rest and sleep in public spaces without being subject to criminal or civil sanctions, harassment, or arrest by law enforcement, public or private security personnel as long as such rest does not maliciously or substantially obstruct a passageway. The purpose of the bill is to protect people without homes from violations of their basic human rights and the people who serve them from penalties and includes public transportation in its definition of public space.	The bill would mean that the homeless could freely loiter or sleep in a Foothill Transit parking structure or sleep on a Foothill Transit bus stop bench without any legal remedy.	Assembly Committee on Appropriations	CTA - Oppose	Oppose Position Adopted 5/24/2013
AB 8	Perea/Skinner	Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission to provide, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. AB 8 and SB 11 extends alternative fuel incentive programs including the Carl Moyer and AB 118 programs. These programs, which have been funded by tire fees, DMV registration fees, smog abatement fees, and vehicle plate fees, have provided funds for various projects to increase the usage of alternative fuels and help with the expansion of alternative fuel infrastructure.	The bill's passage would mean funds will continue to be available to assist Foothill Transit and other state transit agencies financially with fleets of natural gas vehicles and the infrastructure needed to maintain them.	Senate Committee on Transportation & Housing	CTA - Support	Support Position Adopted 2/22/2013
AB 574	Lowenthal	The bill establishes a program to fund sustainable communities strategies (developed pursuant to SB 375) as well as equivalent greenhouse gas (GHG) reducing strategies in rural areas, using cap and trade auction proceeds. The bill provides a statutory framework for implementing the sustainable communities allocations from cap and trade revenues, including key elements such as a per capita distribution of funds to California's regions, a competitive grant program guided by state policy objectives aligning with regional GHG reduction, and a performance-based approach to maximize investments. Additionally, the bill specifically includes funding for transit operations, maintenance, and infrastructure among the eligible investments for the funds.	This bill would provide a mechanism for which the transit industry and Foothill Transit would receive its fair share of the cap and trade auction proceeds.	Assembly Committee on Appropriations	CTA - Support	Support Position Adopted 4/26/2013

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Current as of 7/10/2013

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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 1002	Bloom	Existing law imposes a registration fee to be paid to the Department of Motor Vehicles (DMV) for the registration of every vehicle or trailer coach of a type subject to registration, except those vehicles that are expressly exempted from the payment of registration fees. Existing law, until January 1, 2016, imposes a \$3 increase on that fee, \$2 of which is to be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund and \$1 of which is to be deposited into the Enhanced Fleet Modernization Subaccount. AB 1002 would raise the existing vehicle surcharge from its current \$4 to \$10. The funds would be distributed by the following breakdowns for cities to better achieve their SB 375 goals: 50% is proposed to be distributed to cities and counties on a per capita basis for planning and implementation of projects consistent with the purposes of SB 375 and an approved Sustainable Communities Plan. 40% is proposed to be distributed to transportation commissions and transit operators to support transit operations, and maintain and expand reduced fare programs, including transit passes for students, low income youth, seniors and persons with disabilities. 10% to MPO's and Regional Transportation Planning Associations for implementation of sustainable communities strategies.	This bill could provide Foothill Transit with additional operating funds, specifically for fare programs, including our college ridership pass program.	Assembly Local Government Committee	CTA - Support	Support Position Adopted 6/28/2013
AB 1257	Bocanegra	The bill will establish the State Energy Resources Conservation and Development Commission (Energy Commission) to thoughtfully evaluate and recommend the right natural gas strategies to further reduce greenhouse gas emissions and cultivate a robust clean energy economy. A declaration would be made with the passage of this legislation that there will be a state policy to reduce greenhouse gas emissions and that an efficient and effective strategy for the use of natural gas has potential for helping to meet these objectives. The Commission will develop strategies to maximize the benefits obtained from natural gas as an energy source. The Energy Commission will review many uses for natural gas, specifically the Commission will identify methods to increase the development of natural gas refueling infrastructure for transportation and protect against system capacity constraints.	The bill's passage will create an Energy Commission that will increase government participation in the creation and maintenance of a natural gas policy for the state.	Senate Committee on Appropriations		Support Position Adopted 3/29/2013
SB 11	Pavley/Rubio	Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission to provide, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. AB 8 and SB 11 extends alternative fuel incentive programs including the Carl Moyer and AB 118 programs. These programs, which have been funded by tire fees, DMV registration fees, smog abatement fees, and vehicle plate fees, have provided funds for various projects to increase the usage	The bill's passage would mean funds will continue to be available to assist Foothill Transit and other state transit agencies financially with fleets of natural gas vehicles and the infrastructure needed to maintain them.	Assembly Committee on Natural Resources	CTA - Support	Support Position Adopted 2/22/2013

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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
		of alternative fuels and help with the expansion of alternative fuel infrastructure.				
SB 556	Corbett	This bill would require public agencies, including public transit systems, to "label" employees and vehicles which are independent contractors or operated by independent contractors with a "NOT A GOVERNMENT EMPLOYEE" or "THE OPERATOR OF THIS VEHICLE IS NOT A GOVERNMENT EMPLOYEE" disclosure.	Foothill Transit along with many transit systems throughout the state utilize independent, outside contractors to provide transit service, such as drivers/operators for buses and rail vehicles. This bill would place a financial burden on both transit systems and the independent contractors in order to meet the disclosure requirement. Furthermore, the bill would potentially have a detrimental impact to public perception, internally and externally. Transit systems aim to provide a sense of inclusiveness for employees and the "nongovernmental employee" disclosure may affect morale among employees by creating a sense of division. Secondly, the disclosure requirement would likely cause confusion to the public. Transit patrons may mistakenly perceive that operators and vehicles with the "nongovernment employee" disclosure reflects lesser qualifications or impacts public safety.	Assembly Committee on Judiciary	CTA – Oppose	Oppose
SCA 4	Liu	Existing law under the California Constitution requires the approval of 2/3 of the voters of the city, county, or special district voting on any new or increase of an existing tax. SCA 4 and SCA 8 would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	The new voter approval threshold could lead to more transportation and transit money and mean additional funding for Foothill Transit.	Senate Committee on Transportation & Housing	CTA - Support	Support Position Adopted 2/22/2013

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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
SCA 8	Corbett	Existing law under the California Constitution requires the approval of 2/3 of the voters of the city, county, or special district voting on any new or increase of an existing tax. SCA 4 and SCA 8 would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	The new voter approval threshold could lead to more transportation and transit money and mean additional funding for Foothill Transit.	Senate Committee on Transportation & Housing	CTA - Support	Support Position Adopted 2/22/2013
H.R. 2288	Grimm (R, NY) McGovern (D, MA)	The bill establishes permanent parity between qualified, pre-tax and tax-free fringe transit and parking benefits at a maximum of \$220 per month. At the \$220 per month level, the federal fiscal impact is neutral, meaning no additional revenue measures are necessary. The bill also allows for future cost-of-living adjustments to the benefit level.	Would provide transit riders in general and Foothill Transit customers specifically with a tax benefit equal to those who drive their personal vehicles.	House Committee on Ways & Means	APTA - Support	Support
S. 1116	Schumer (D, NY)	The bill would establish parity between the commuter and parking benefits at the current level of \$245 per month, but does not include a provision to offset the cost because the author wants to maintain the benefit at current levels.	Would provide transit riders in general and Foothill Transit customers specifically with a tax benefit equal to those who drive and park their personal vehicles.	Senate Committee on Finance	APTA – Support	Support